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TAGS: [PGOV](#) [PINR](#) [AS](#)

SUBJECT: LABOR COULD FALL IN QUEENSLAND STATE ELECTION

REF: A. 07 SYDNEY 409

[1](#)B. 08 SYDNEY 142

Classified By: Political Officer Casey Mace for reasons 1.4 (b) and (d)

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Summary  
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[1](#)1. (C/NF) Queensland's Labor state government is dangerously close to losing reelection in the state's March 21 polls. The Labor party has dominated state politics for the last eight years, winning three consecutive elections and amassing a commanding 15-seat majority in Parliament. Public opinion polls, however, reveal voters are tired of problems in the state-run health system and concerned about a state budget that just plunged into deficit. In contrast to previous elections, a more unified, better organized, and well resourced opposition is providing the voters with a legitimate alternative. Moreover, a disciplined campaign by the opposition Liberal National Party (LNP) gained momentum early, but it will need to swing close to eight percent of voters on election day. Although the LNP needs to win 20 additional seats -- nearly doubling its 25-seat count in parliament -- to gain outright control of government, a win of 18 seats could allow it to form a minority government with two conservative-leaning independent candidates likely to win their contests. In the end, many observers believe the margin is too large for the surging opposition, and the Labor party will scrape back into power. Even if Bligh's government scrapes out a win, the expected swing against Labor will likely dampen speculation that Labor Prime Minister Rudd will call an early national election. End Summary.

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The Snap Election  
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[1](#)2. (SBU) This is Premier Anna Bligh's first election at the helm of the Labor Party. After winning three elections, popular Labor Premier Peter Beattie retired from politics and handed over the reins to Bligh, his Treasurer and handpicked successor, in 2007 (ref A). An able administrator, Bligh enjoyed consistently high approval ratings through the end of last year. Her cabinet has not been marred by any major scandals, and the state economy had been growing at healthy clip with unemployment below already very low national levels. When the global economic downturn started to slow business growth and cut into government revenue early this year, however, Bligh and her treasurer Andrew Fraser made the controversial decision to maintain government spending priorities at the risk of a forecasted budget deficit. The decision prompted Standard and Poors to downgrade Queensland's credit rating from AAA to AA -- making it the first Australian state to suffer a credit downgrade. Three days later, the Premier decided to call a snap election on February 27, nearly six months before the end of her term, because she said she needed a renewed mandate to manage the state under deteriorating economic conditions. Most observers pointed out that the March 21 election is safely scheduled two months before Bligh has to unveil the official budget in deficit, which could be worse than expected, and even harder to defend on the campaign trail.

## ----- The Opposition -----

13. (SBU) In contrast to the three previous elections, Queensland's Labor government is facing a unified and organized opposition. Unlike other states, Australia's two main conservative parties, the Liberal Party and National Party, have fought for primacy within their coalition in Queensland. The National Party has always been the senior partner at the state level, but in recent years, the Liberal Party has been the senior partner at the Federal level. As a result, the coalition has had trouble consistently presenting one leader and one platform to the electorate. Last year, however, the Liberal and National Parties formally merged in Queensland under a rebranded Liberal National Party (ref B). Although some Liberal party members grumbled the merger was a takeover, a majority of the rank and file in both parties supported the move. The Liberal National Party (LNP) quickly consolidated resources and launched a rebranding campaign at the end of 2008 that slightly lifted the conservatives' dismal ratings in the polls. LNP leader Lawrence Springborg has been actively traveling the state to raise his profile as the leader of the new party, and to shake his old image as National Party leader who lost two state elections at the head of a more divided Coalition. Since the merger, the LNP has avoided destabilizing internal power struggles.

## ----- The Campaigns -----

14. (C/NF) At the end of the first week of the campaign, the LNP shocked most observers by pulling even with the Labor party at 50 percent in the polls. One of Labor's campaign organizers admitted that the LNP's aggressive campaign start outperformed Labor. He pointed out that the LNP beat the Labor party to voters' mailboxes, an important tactic in Australian elections, by sending direct mail campaign literature with mail-in ballots to registered voters in its database. The Labor party, he said, had taken a week longer to mail its literature to voters. LNP television ads outnumbered Labor party ads by three to one the first week as well. Labor party state director Anthony Chisholm told us March 4 that he believed his party would be outspent by the opposition for the first time in many elections. He explained that the Labor Party's primary funding vehicle, an investment fund seeded with capital raised by the sale of formerly owned radio stations, had generated significantly smaller revenue this year as a result of the financial crisis. Moreover, the global economic downturn has reduced the size of campaign donations from businesses.

15. (C/NF) Chisholm said that the two main campaign issues have been economic management and healthcare. The opposition has a decisive edge on healthcare, according to polls. A series of news stories over the last year have exposed a shortage of beds and nurses in many regional hospitals, and Premier Bligh made the unpopular decision at the beginning of the year to close a children's hospital in north Brisbane to consolidate resources into a larger children's hospital in south Brisbane. The Labor party had been hopeful that it could own economic management as an issue, arguing the need for experienced and proven leadership during a time of global economic recession. However, the LNP has been relatively effective in neutralizing the issue by criticizing the government for running a deficit and pledging to bring more austerity to the budget. Chisholm said that Labor's other traditionally strong issues like the environment and education have not rated high in voter polls.

16. (C/NF) Despite surging in the polls and sustaining a disciplined campaign, the LNP still has to convince enough of the electorate it is prepared to run the state. Federal LNP MP from the Brisbane area, Michael Johnson, told us March 4 that the state LNP "lacks the punch of artillery to get across the line." The state director of a leading business

organization, Dave Edwards, told us in a separate meeting on March 3 that the business community has not been convinced the LNP can win the election. As an example, he said that he had to beg and cajole executives to fill a 140-seat breakfast event with LNP leader Lawrence Springborg on March 3, where he announced an important element of his economic plan for the state. In contrast, Edwards said that he filled nearly 250 seats with little effort for an event with the Labor Minister for resources later in the week. And although support for both parties is evenly split, Bligh has consistently outpolled Springborg by more than 10 points as the voters' preferred premier.

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The Outcomes  
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¶17. (C/NF) The LNP must hold all of its 25 existing seats and win an additional 20 seats to take control of government. Although an electoral redistributing in 2008 turned three LNP seats into notional Labor party seats based on 2006 election results, the LNP should be able to hold the seats in this election. As a result of the district boundary changes, the Labor Party is incumbent in 57 seats and stands to gain two new seats with high Labor party margins. A net loss of 15 or more of these seats would push Labor below the 45 seats necessary for outright majority in the state parliament. At least 11 Labor seats are vulnerable. The LNP is in striking distance of at least five Labor seats in the Brisbane and Gold Coast area, which comprise the highly populated southeastern corner of Queensland. Another six Labor seats in coastal and regional Queensland are within the LNP's reach. So the LNP not only needs to make gains all throughout the state, it needs to win another four Labor seats that are held with margins of 5 percent or greater. The state director for one of the largest labor unions, Andrew Dettmer, told us March 2 that he believes Labor will lose at least 5-6 seats. Labor party consultant and campaign organizer Dave Nelson had a more sober outlook on March 3. He said that he could see the Labor party losing at least seven, and possibly all 11 of the vulnerable seats, but Labor may be able to hold off defeat in the remaining four seats.

¶18. (C/NF) Under the new electoral boundaries, five seats are held by independent MPs. The LNP has a good chance of winning two of these seats according to observers, but at least three independents are likely to return to parliament. The presence of independent MPs creates the prospects for a hung parliament in which neither major party has an outright majority. Observers believe that at least two of the three remaining independent MPs would side with the LNP, but they would each have the power to exact a hefty political price for support and would have disproportionate influence over legislation.

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Comment  
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¶19. (C/NF) Neither candidate has proved to be electric on the campaign trail. Bligh is articulate and smart on policies, but she does not have the same media flair or campaign charisma of her predecessor Peter Beattie. Springborg is energetic but less articulate. Exceeding relatively low expectations, Springborg has closed the gap as preferred Premier, but Bligh still remains more popular. The LNP sustained a disciplined campaign after a strong start, making the contest between the parties very, very close. Labor may just avoid defeat, but it will emerge bruised and much weaker. Although Prime Minister Rudd's federal Labor government remains popular, it will not take heart from the Queensland election. A significant swing against Labor in Queensland, following swings against Labor in Western Australia and the Northern Territory last year, will give pause to federal Labor party strategists contemplating the merits of an early election for Prime Minister Rudd this year. On the other side of politics, the merger experiment between the conservative parties into one unified LNP should

endure in Queensland; the LNP's success in these elections should lead counterparts in other states to consider the merger path more seriously. In the meantime, however, the federal opposition Coalition rife with divisions between outspoken National MPs and Liberal MPs could continue to have trouble reconciling itself with its merged identity in Queensland at the next federal election. End Comment.

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